

Message Text

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60

ORIGIN AF-18

INFO OCT-01 ADP-00 SS-15 DODE-00 PM-09 COME-00 AID-20

SSO-00 CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 NSC-10

NSCE-00 PRS-01 AGR-20 XMB-07 EB-11 L-03 CIEP-02

TRSE-00 OMB-01 CEA-02 MC-02 OPIC-12 /145 R

66630

DRAFTED BY AF/ N: RHPELLETREAU: AG

4/6/73 EXT. 21194

APPROVED BY AF - MR. NEWSOM

THE SECRETARY (PARAS 2 AND 3)

OSD/ISA - MR. BADER

AF/ N: JBLAKE; PM/ MAS: JMADDEN

PM/ ISO: DDONCHI

USDOC: DCHRISTIANSON

AA/ AFR: DBROWN

JS/ J5: COL. WALTERS

ISA/ SA: MR. DICK

DSAA: MR. GRANDE PRE

AF/ RA: LTC GRIFFIN

S/ S: WNEWLIN

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O 080001 Z APR 73 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY RABAT NIACT IMMEDIATE

S E C R E T STATE 065170

E. O. 11652: GDS

TAGS: PFOR, MO

SUBJECT: INITIAL U. S. RESPONSE TO BENHIMA VISIT
FOR AMBASSADOR

-. WHEN YOU SEE FOREIGN MINISTER BENHIMA ON MONDAY,
YOU SHOULD CONVEY TO HIM INITIAL

U. S. RESPONSE TO POINTS RAISED DURING HIS VISIT. YOU SHOULD
SAY THAT MORE DETAILED RESPONSE WILL ENTAIL CAREFUL STUDY
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AND MAY TAKE SOME TIME BUT WE WISHED FONMIN TO HAVE OUR
PRELIMINARY REACTIONS WITHOUT DELAY.

2. YOU SHOULD EXPRESS THE SECRETARY' S DEEP APPRECIATION TO BENHIMA FOR TAKING TIME FROM HIS BUSY SCHEDULE TO COME TO WASHINGTON FOR THESE DISCUSSIONS. THE SECRETARY CONSIDERED THIS FULL AND FRANK EXCHANGE OF VIEWS ON MATTERS OF MUTUAL INTEREST EXTREMELY USEFUL. WE PARTICULARLY APPRECIATED THE CONFIDENCE FONMIN BENHIMA SHOWED TOWARD U. S. IN DISCUSSING MANY SENSITIVE SUBJECTS WITH SUCH CANDOR AND OPENNESS. WE WELCOME THIS APPROACH AS AN APPROPRIATE REFLECTION OF OUR CLOSE FRIENDSHIP AND WISH TO RESPOND IN THE SAME MANNER.

3. AS FAR AS OUR GENERAL RELATIONSHIP WITH MOROCCO IS CONCERNED, YOU SHOULD REAFFIRM TO BENHIMA THAT WE CONSIDER MOROCCO TO BE A SIGNIFICANT COUNTRY IN THE MEDITERRANEAN AREA, ONE OF CONTINUING INTEREST TO THE UNITED STATES BECAUSE OF THE LONG TRADITION OF FRIENDLY RELATIONS, THE CONSTRUCTIVE POLICIES OF MOROCCO UNDER KING HASSAN' S LEADERSHIP, THE SIMILARITY OF OUR APPROACHES TO A NUMBER OF MULTINATIONAL PROBLEMS, AND THE MUTUALLY BENEFICIAL COOPERATION WHICH HAS LONG EXISTED BETWEEN THE TWO NATIONS. WE HAVE ATTEMPTED TO REFLECT THIS ATTITUDE IN OUR POLICIES TOWARD MOROCCO AND WILL ENDEAVOR TO DO SO IN THE FUTURE WITHIN THE LIMITS OF OUR RESOURCES.

4. WITH REGARD TO HIS MAJESTY' S NEW POLICIES, WE WISH TO SAY FIRST THAT WE REGARD MOROCCO' S INTERNAL POLICIES AS BEING ENTIRELY WITHIN MOROCCO' S OWN JURISDICTION AND COMPETENCE TO DECIDE.

WE DO NOT PRESUME TO APPROVE OR DISAPPROVE OF DECISIONS HE MAY MAKE IN THIS DOMAIN.

5. LIKEWISE WITH REGARD TO MOROCCO' S EXTERNAL POLICIES, IT IS FOR MOROCCO TO DETERMINE WHERE ITS INTERESTS LIE. WE UNDERSTAND MOROCCO' S DESIRE TO HAVE GOOD RELATIONS WITH ALL NATIONS AND TO SEEK ASSISTANCE FROM WHATEVER QUARTERS MAY BE ABLE TO PROVIDE AID DEEMED APPROPRIATE IN MOROCCO' S
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JUDGMENT OF ITS OWN INTERESTS AND REQUIREMENTS. WITHIN THIS CONTEXT, WE ARE GRATEFUL THAT KING HAS TAKEN US INTO HIS CONFIDENCE AND WE LOOK FORWARD TO CONTINUED CLOSE AND CORDIAL US- MOROCCAN TIES.

6. REGARDING POSSIBILITIES OF US ECONOMIC ASSISTANCE TO MOROCCO, YOU SHOULD SAY THAT OUR RESOURCES ARE MORE LIMITED THAN THEY WERE IN THE PAST AND THAT DETAILED REVIEW OF OUR POSSIBILITIES AND MOROCCO' S REQUIREMENTS WILL BE NECESSARY BEFORE COMPLETE REPLY TO FONMIN CAN BE MADE. IN THIS CONNECTION, WE WOULD BE GRATEFUL IF GOM

COULD PROVIDE US WITH COPY OR OUTLINE ITS NEW FIVE YEAR PLAN FOR US TO REVIEW WITH VIEW TO IDENTIFYING THOSE AREAS WHERE US MIGHT BEST CONTRIBUTE TO MOROCCO'S DEVELOPMENT. WE CANNOT MAKE ANY COMMITMENT AT THIS TIME, BUT WILL BE PREPARED TO COMMENT FURTHER TO FONMIN AFTER WE HAVE REVIEWED PLAN.

7. YOU MAY RECALL TO FONMIN THAT WE REMAIN PREPARED TO DISCUSS THE NEEDS AND REQUIREMENTS FOR AN AGRICULTURAL DEVELOPMENT LOAN. THE USAID MISSION STANDS READY TO BROADEN THE INITIAL DISCUSSIONS OF SUCH A LOAN THAT HAVE BEEN STARTED WITH THE MINISTRY OF FINANCE WHENEVER THE GOM IS READY. HOWEVER, IT IS IMPORTANT TO NOTE OUR FUNDING LIMITATIONS AND THE HEAVY DEMANDS PLACED ON THOSE AVAILABILITIES BY LOAN APPLICATIONS ALREADY RECEIVED. (USAID/RABAT HAS BEEN AWARE OF THESE CIRCUMSTANCES AND HAS SO ADVISED THE GOM IN THE PAST). AT THIS LATE PERIOD IN OUR FISCAL YEAR, ANY NEW LOAN PROPOSALS MAY HAVE TO BE DEFERRED TO FY 1974.

8. WE HOPE FOR RAPID CONCLUSION FY 73 PL-480 TITLE I AGREEMENT UNDER WHICH, YOU MAY RECALL TO FONMIN, US PREPARED PROVIDE UP TO 91,500 MT WHEAT/ WHEAT FLOUR AND 12,700 MT VEGETABLE OIL TO MOROCCO. YOU MAY ALSO EXPRESS HOPE THAT GOM WILL LET US KNOW AS EARLY AS POSSIBLE IN FY 1974 REGARDING POSSIBLE REQUESTS FOR PURCHASES OF COMMODITIES UNDER PL-480.

9. REGARDING MILITARY ASSISTANCE, YOU MAY SAY THAT WE WANT TO CONTINUE TO ASSIST IN MEETING MOROCCO'S DEFENSE AND SECURITY REQUIREMENTS. DESPITE THE ABSENCE OF FOREIGN
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ASSISTANCE THIS YEAR AND HEAVY COMMITMENTS ELSEWHERE, WE HOPE TO PROVIDE ABOUT DOLS 10 MILLION FMS CREDIT IN FY 73 AND SHOULD BE ABLE TO INFORM FONMIN SHORTLY OF EXACT AMOUNT. IN ADDITION, WE ARE LOOKING INTO FONMIN'S REQUEST REGARDING SURPLUS EQUIPMENT. SUCH EQUIPMENT IS GENERALLY USED AND REQUIRES CONSIDERABLE REHABILITATION WORK, BUT IF MOROCCO CONCLUDES THAT SUCH EQUIPMENT WOULD HELP MEET ITS DEFENSE REQUIREMENTS, IT COULD BE PURCHASED ON LOW- COST TERMS PLUS COST OF REHABILITATION. (FYI: SURPLUS EQUIPMENT ON GRANT BASIS IS PROVIDED TO MAP MATERIEL RECIPIENTS ONLY. END FYI). FONMIN SHOULD BE AWARE THAT EXCESS EQUIPMENT OF TYPE HE REQUESTED (HELICOPTERS OF TYPE GOM WOULD FIND USEFUL AND PATROL BOATS) IS NOT OFTEN AVAILABLE. AT THIS TIME, THERE ARE TWO HELICOPTER TYPES AVAILABLE. THE H-43 AVAILABLE WITH SIX MONTH LEAD TIME, WOULD COST DOLS 41,470 (ABOUT 15 PER CENT ORIGINAL COST) PLUS ABOUT DOLS 58,000 RECONDITIONING FOR TOTAL ABOUT DOLS 99,500 PER H-43. THE CH-34, AVAILABLE

WITH 18 MONTH LEAD TIME, WOULD COST DOLS 37,629 (ABOUT 10 PER CENT ORIGINAL COST) PLUS ABOUT DOLS 380,000 REHABILITATION WHICH WOULD INCLUDE REPLACING PISTON ENGINE WITH TWIN TURBINES FOR ESTIMATED TOTAL DOLS 417,629 PER CH-34. GOM WOULD ALSO HAVE TO ASSUME PCH AND T AND ADMINISTRATIVE COSTS. WE FRANKLY HAVE DOUBTS THAT THIS SORT OF REHABILITATED EQUIPMENT WOULD BEST MEET GOM NEEDS. THE H-43 HELICOPTER IS RESTRICTED IN LOAD AND PASSENGER CARRYING CAPABILITY AND ALTHOUGH ENTIRELY SATISFACTORY FOR SEARCH AND RESCUE OR OBSERVATION MISSIONS, ITS OTHER MISSION CAPABILITIES ARE SOMEWHAT LIMITED. AFTER COMPARING PRICES OF SURPLUS HELICOPTERS WITH THOSE OF NEW EQUIPMENT, GOM MIGHT BE MORE INTERESTED IN NEW HELICOPTERS, I. E. APPROXIMATELY DOLS 400,000 FOR THE UH-1H, APPROXIMATELY DOLS 2.1 MILLION FOR THE CH-3 C, AND APPROXIMATELY DOLS 3.2 MILLION FOR THE CH-53. IF FONMIN INTERESTED, HOWEVER, WE WILLING EXPLORE POSSIBILITIES FURTHER WITH APPROPRIATE GOM OFFICIALS.

10. REGARDING THE ENCOURAGEMENT OF US PRIVATE INVESTORS TO INVEST IN MOROCCO, YOU SHOULD NOTE THAT IT IS PRIMARILY A MOROCCAN RESPONSIBILITY TO CREATE A CLIMATE FREE OF BUREAUCRATIC OBSTACLES AND ATTRACTIVE TO PRIVATE INVESTORS IN WHICH THEY CAN BE ASSURED THAT THE COUNTRY IS POLITICAL-
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LY STABLE, THAT CONTRACTS CONCLUDED IN MOROCCO WILL BE HONORED AND THAT INVESTMENTS WILL BE PROTECTED AGAINST NATIONALIZATION, RESTRICTIONS ON REPATRIATION OF PROFITS OR SPECIAL PREFERENCES TO OTHER COUNTRIES OR THEIR NATIONALS. THE SECOND ASPECT OF THE PROBLEM IS TO MAKE POTENTIAL PRIVATE INVESTORS IN US AWARE OF ATTRACTIVE INVESTMENT POSSIBILITIES IN MOROCCO. THIS SHOULD BE PRIMARILY TASK OF AGENCIES OF GOM BUT WE CAN ASSIST BY PUBLISHING TRADE AND INVESTMENT OPPORTUNITIES IN DEPT. OF COMMERCE PUBLICATIONS WHICH ARE WIDELY DISTRIBUTED IN US PRIVATE SECTOR. WE UNDERSTAND ALSO THAT GOM IS IN PROCESS OF DRAWING UP NEW INVESTMENT CODE. WE HOPE THIS WILL BE COMPLETED QUICKLY AND EFFORTS MADE TO MAKE ITS PROVISIONS AVAILABLE TO US INVESTORS. FOLLOWING ITS ISSUANCE AND ISSUANCE OF MOROCCO'S NEW FIVE YEAR PLAN, WE WOULD BE PLEASED TO DISCUSS FURTHER WITH FONMIN WHAT MIGHT BE DONE TO ATTRACT MORE US PRIVATE INVESTMENT TO MOROCCO. ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 07 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE065170
Document Source: ADS
Document Unique ID: 00
Drafter: AF/ N: RHPELLETREAU: AG
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730460/abqceigf.tel
Line Count: 212
Locator: TEXT ON-LINE
Office: ORIGIN AF
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Jan-2002 by boyleja>; APPROVED <22 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971212
Subject: INITIAL U. S. RESPONSE TO BENHIMA VISIT FOR AMBASSADOR
TAGS: PFOR, MO
To: RABAT NIACT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005